

## **Minutes of the Meeting of the Standards and Audit Committee held on 23 February 2023 at 7.00 pm**

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**Present:** Councillors Elizabeth Rigby (Chair), James Thandi (Vice-Chair), Gary Collins, Steve Liddiard, Kairen Raper and Shane Ralph (Substitute) (substitute for Allen Mayes)

Charles Clarke

### **Apologies:**

### **In attendance:**

Rachel Brittain, Binder Dijke Otte (BDO)  
Gary Clifford, Chief Internal Auditor  
Michael Dineen, Assistant Director Counter Fraud, Enforcement and Community Safety  
Andy Owen, Corporate Risk and Insurance Manager  
Jonathan Wilson, Interim Director Finance & S151 Officer  
Rhiannon Whiteley, Senior Democratic Services Officer

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Before the start of the Meeting, all present were advised that the meeting may be filmed and was being recorded, with the audio recording to be made available on the Council's website.

The Vice Chair started the meeting as the Chair was running late.

### **29. Minutes**

The minutes of the meeting held on 24 November 2022 were approved as a correct record.

### **30. Items of Urgent Business**

There were no items of urgent business.

### **31. Declaration of Interests**

No interests were declared.

### **32. Audit Progress Report for Year Ended 31 March 2022 - Verbal Update**

Rachel Brittan of BDO confirmed they are making every effort to complete the audit as soon as possible and to a high quality.

Rachel Brittain confirmed that officers have rightly been focused on the Commissioners and budget setting. A timeline has been agreed with officers

to complete the audit procedure. All information will be obtained by the start of July with a view to the report being completed by November 2023.

Councillor Ralph queried what the biggest hurdle has been to completing the audit.

The Assistant Director of Finance responded that they are largely historic issues. The audit was progressing well prior to the intervention, then a key member left the Audit team and the wider information regarding investments came to light. He confirmed to the Committee that it is very technical and a lot of moving parts have arisen as a result of the intervention.

Councillor Thandi requested an update as to when the Best Value Inspection report will be received.

The Assistant Director of Finances responded that it has been delivered to the Secretary of State. It will be released as soon as possible but it is looking like the second week of March.

Councillor Ralph queried whether there is a risk of something coming up which will make the budget incorrect.

The Assistant Director of Finance confirmed that the Council is in a fluid position. They have quantified everything they know about to date. The timing of sales and investments could impact it. If solar assets are sold the exceptional support required from the Government will reduce.

Councillor Raper raised that the delays in completing the audit have now been explained at several meetings, she queried whether it is possible to receive any more information.

Rachel Brittain confirmed that she could provide some interim reporting at the next Standards and Audit Committee meeting.

*19.14 The Chair joined the meeting.*

### **33. In Quarter 4 Review of the Strategic/Corporate Risk and Opportunity Register**

The Corporate Risk and Insurance Manager presented the report to the Committee.

*19.20 Councillor Collins joined the meeting.*

Councillor Raper queried whether due to the cutbacks specialist expertise from external consultants may be reduced and whether this will have an impact on risk and service delivery.

The Corporate Risk and Insurance Manager responded that there are capacity issues within the council and capacity issues in general will have an impact on delivery.

Councillor Liddiard noted that the rating for opportunities around digital has gone down to 6 from 9  $\frac{3}{4}$ .

The Corporate Risk and Insurance Manager clarified that they would like to see opportunity ratings go up and risk go down. The opportunity for digital has reduced as the transformation plan has been scaled back to focus on the Improvement and Recovery Plan.

For the Property Owner Liability risk Councillor Raper enquired about the progress on the work to finalise the Concerto system. The Corporate Risk and Insurance Manager responded that he was not in a position to provide the answer but would query with the responsible department and notify the Councillor of the response.

Councillor Collins requested that officers expand on paragraph 7.1 on page 17.

The Assistant Director of Finance confirmed that as the S114 Notice is in place they are scaling back on transformation and digital. The S114 is supported by a panel process to review all expenditures. There is one panel for expenditure below £25,000 and one for expenditure over £25,000. They will be ensuring statutory services are met and looking at every penny that is spent. The Best Value Inspection will require the Council to transform areas such as governance and this range of actions will require additional short-term capacity.

Councillor Collins noted that flood risk was not mentioned on appendix 1.

The Corporate Risk and Insurance Manager clarified that the report concerns strategic corporate items. At a department level there would be a risk around flooding but that responsibility sits with the Emergency Planning Team.

Michael Dineen, AD for Investigation, Enforcement & Community Safety advised that he would make enquiries with the Emergency Planning Team with regards to the flooding item and notify the Councillor of the position.

Councillor Collins raised that item 6 had been removed on the risk register.

The Corporate Risk and Insurance Manager responded that the Government paused the Care Reforms and therefore the risk has been removed from the register. However, at a department level they will continue to monitor this.

Councillor Ralph referred to page 29 and the Stanford-Le-Hope transport interchange, he commented that he understood contractors are not engaging.

The Assistant Director of Finance responded that this project sits within the Place Directorate and Mark Bradbury is the Director. There was a contractor in place but they arrived at a point where inflationary matters became significant. It is therefore being reviewed and options are being looked at as to how this can be delivered.

Councillor Thandi asked about the 20 million pounds the Government gave to Tilbury.

The Assistant Director of Finance clarified that the Tilbury Towns Fund was given 19 million pounds from the Department of Levelling Up. That money is ring-fenced.

Councillor Collins highlighted that there was no penalty clause in the A13 contract, he queried if these will be included in future contracts.

The Assistant Director of Finance confirmed that they have worked within the contract and there is a huge challenge due to inflationary factors and the contractors are not happy. There has been learning as to how the contract works. The Assistant Director of Finance raised his concerns as to whether the risks should be with Local Authorities when they still have to deliver other wider services.

**RESOLVED:**

- 1.1 That Standards and Audit Committee review and comment on the items and details contained in the Dashboard (Appendix 1).**
- 1.2 That Standards and Audit Committee review and comment on the 'In Focus' report (Appendix 2), which highlights higher priority risks and opportunities identified by the review.**
- 1.3 That Standards and Audit Committee note the position with regard to the Government Intervention outlined in 2.6 to 2.12 of the report and in particular the Best Value Inspection of the governance arrangements (including risk management) detailed under sections 2.6 and 2.12.**
- 1.4 That Standards and Audit Committee note that the Strategic/Corporate Risk and Opportunity Register will be refreshed in this context in 2023/24.**

**34. Counter Fraud & Investigation Quarterly Update (Q3 Oct-Dec)**

The Assistant Director for Investigation, Enforcement and Community Safety presented the report to the Committee and summarised the performance of the department for Quarter 3 (Q3) of 2022/23.

- 3 reports of suspected fraud have been received
- 7 Investigations have been closed as 'no fraud'
- 4 sanctions have been delivered in cases of proven fraud
- 1 Social housing property has been recovered this quarter
- 107 active investigations are currently being conducted

The Assistant Director for Investigation, Enforcement and Community Safety explained the circumstances surrounding the Counter Fraud Investigation Team's separation from NATIS which was necessary due to the function of NATIS expanding significantly. He confirmed they still have access to the specialism provided by NATIS but the Counter Fraud Investigation Team will be concentrating on matters relating to Thurrock only whereas NATIS has a national function.

The Assistant Director for Investigation, Enforcement and Community Safety confirmed that the team are targeting social housing and offences under the Protection of Social Housing Fraud Act. When offences like this are identified, individuals are dealt with as per the legislation and the priority is the return of social housing through recovery to the authorities housing stock. For every property that is recovered and returned to the housing stock from those that do not need, live in or qualify for them, £23,500 is, on average, saved by other council departments in various costs. The CFI team has recovered 2 social housing properties in the first 3 quarters of 2022/23 totalling a saving of £47,000 for the council as well as completing 7 separate sanctions, with a detected crime value of £192,300.

The Assistant Director for Investigation, Enforcement and Community Safety highlighted that the CFI had detected £4.62 of fraud per £1 spent. The CFI has also saved the council £1.13 for every £1 the CFI has spent. He stated that these two areas of work show good value for money.

Councillor Thandi queried whether the Assistant Director for Investigation, Enforcement and Community Safety had any input in the Best Value Inspection.

The Assistant Director for Investigation, Enforcement and Community Safety responded that the report is being completed independently but he confirmed he had been interviewed as part of the inspection.

Councillor Ralph commented that it has been misled in the press that the Council was doomed now the team has been narrowed. Councillor Ralph queried whether as a fully dedicated team they will be able to increase their services.

The Assistant Director for Investigation, Enforcement and Community Safety clarified that they will be a focused team and will now not be pulled away on

national matters. The main change is the senior management as opposed to boots on the ground. He reassured the Committee that the CFI team will investigate all offences that come through to them.

The meeting discussed how a resident can report the potential sub-letting of Council properties.

The Assistant Director for Investigation, Enforcement and Community Safety confirmed they can report this via the Council's website or by email to [reportfraud@thurrock.gov.uk](mailto:reportfraud@thurrock.gov.uk). The Assistant Director for Investigation, Enforcement and Community Safety confirmed they will also be completing a campaign and training Council staff on this.

Councillor Collins queried whether housing fraud is usually completed by organised crime or by individuals.

The Assistant Director for Investigation, Enforcement and Community Safety stated that he had seen both. When it is completed by organised crime it is often called "cuckooing".

Charles Clake noted at paragraph 3.5 of the report the team hoped to increase value for money. He queried what a good target ratio would be going forward.

The Assistant Director for Investigation, Enforcement and Community Safety stated that was difficult to say but he would estimate 3 for 1.

Councillor Ralph questioned if the Council loses at court whether the legal fees are paid by the Council.

The Assistant Director for Investigation, Enforcement and Community Safety responded that the legal fees can be charged to the Defendant if found guilty and this can be staggered if the Defendant doesn't have the funds to pay immediately.

Councillor Thandi queried if the team cover private homes rented as HMO's.

The Assistant Director for Investigation, Enforcement and Community Safety responded that this falls within the remit of the Housing department at present and they would therefore pass on any referrals to the Housing department

**RESOLVED:**

- 1.1 The Standards and Audit Committee comments on the performance of the Counter Fraud & Investigation Department.**

**35. Internal Audit Progress Report 2022/23**

The Chief Internal Auditor updated the Committee on recruitment and confirmed that a new Senior Auditor will be starting on the 17<sup>th</sup> April 2023 which still leaves one Senior Auditor role to fill.

The Chief Internal Auditor confirmed that following the S114 Notice being made he is one of the people who has been put on the new expenditure control panel which is taking up an additional 6 hours of his time per week.

The Chief Internal Auditor updated the Committee that following a discussion with Commissioners it has been decided that the 6 month Audit Plan and Annual Report due to be brought to this Committee meeting should be delayed until after the Best Value Inspection has been published. There is also little merit in bringing the 2021/22 plan to the Committee as it was before the intervention and therefore the 2021/22 and 2022/23 annual reports will be brought to the Committee together in the first meeting in the next municipal year.

Councillor Collins queried the use of Mazars.

The Chief Internal Auditor confirmed that as members of the APEX framework agreement with Croydon Council, they have now contacted the new client liaison Director for this contract with a view to using Mazars to provide resources in the short-term, until they can recruit into the vacant post. Mazars are a medium sized accountancy firm who complete internal audits. They complete IT audits as there is not the expertise within the Council's team and he explained that with the Best Value Inspection it can be useful using someone independent like Mazar as they are another set of eyes.

## **RESOLVED:**

### **1.1 That the Standards & Audit Committee:**

**Consider the work being carried out by Internal Audit in relation to the 2022/23 audit plan and the update on the resourcing issues facing the service.**

## **36. Internal Audit Protocol**

The Chair agreed to hear item 10 on the Internal Audit Protocol before item 9.

The Chief Internal Auditor presented the report to the Committee and explained that the Internal Audit Protocol gives some general guidance on the responsibilities of Members, officers, and the Internal Audit team. It also provides detailed guidance on specific issues around the internal audit processes, such as turnaround times for reports and the timeliness of management responses.

The Chief Internal Auditor confirmed that on pages 107-109 of the agenda the responsibilities of members, senior management, the Standards and Audit Committee, internal and external auditors are set out. Some of the key points

are that Senior Management are responsible for ensuring there are proper internal controls in their service. Negative red reports that could have an impact on the Council's reputation have to go through Directors Board before they are issued as final. Any red reports should be reported to the Standards and Audit Committee by the relevant senior manager.

The Standards and Audit Committee review external and internal audit plans to ensure proper resourcing of its functions and ensure the risk management strategy is operational and reviewed periodically.

Where members are concerned in the Standards and Audit Committee they can report issues back to the Chief Executive and S151 Officer and this has been done before regarding major projects and officers were asked to attend the Standards and Audit Committee and give updates on the A13 project.

Page 110 sets out the details of the de-brief meeting. A de-brief meeting takes place within 10 days of the field work being completed.

The Chief Internal Auditor confirmed that the external and internal audit teams are not working together as closely as they did before the pandemic. This is a national issue too. The Internal Audit team do place reliance on external providers too such as CQC or Ofsted where they don't have the relevant expertise in-house.

Councillor Collins queried the internal system to flag up when things are not going as they should be as there doesn't appear to be anyone outside the organisation they can report it to if the concern is about a senior officer such as the S151 officer.

The Chief Internal Auditor responded that if Members had any suspicions about senior officers the Chief Internal Auditor has a right of access to the S151 Officer, Monitoring Officer and Chief Executive and he would not need to report into those senior officers if they were suspected of wrongdoing. If the Chief Internal Auditor had a concern about fraud, he would contact the fraud team straight away. The internal fraud team would then investigate.

Councillor Ralph queried what is being done in the new procedure and how has it been improved.

The Chief Internal Auditor confirmed that the Protocol has a great level of detail and is more robust than a lot of other Council's protocols.

Councillor Collins stated that he would like to see a paragraph confirming what the process is if senior officers are suspected of wrongdoing or fraud.

The Chief Internal Auditor agreed that could be done.

Councillor Ralph commented that Members could also contact the fraud team directly if they had concerns.

The Chair asked how relations with external auditors could be improved.

The Chief Internal Auditor stated that at the moment the focus is on the Best Value Inspection. They will set aside time in 2 to 3 months to update each other on where they are at to ensure they are not duplicating work.

An additional recommendation was suggested by Councillor Collins and this was seconded by Councillor Ralph. The recommendation was added at paragraph 1.2.

**RESOLVED:**

**1.1 That the Standards & Audit Committee:**

**Agree that the Internal Audit Protocol provides the council and the Internal Audit Service with a process for improving the timeliness of reporting arrangements and sets out a formal escalation process for non-compliance.**

**1.2 An alternative route of reporting will be added to the Protocol if senior officers are suspected of fraud or wrongdoing.**

**37. Internal Audit Charter 2022**

The Chief Internal Auditor presented the report to the Committee. He explained that the Internal Audit Charter was discussed in detail at the last Committee meeting and it had been agreed that it would be brought back to this meeting alongside the Internal Audit Protocol as the Protocol provides more detail than the Charter. The Chief Internal Auditor confirmed that the only change that has been made to the Charter is at the bottom of page 98, where it states that where staff do not have relevant technical expertise the internal auditor will place reliance on suitable external providers to align the Charter with the Protocol.

The Chief Internal Auditor referred back to what Councillor Collins had raised under the last item regarding what happens when potential fraud is suspected and on page 100 Section 10 of the Charter deals with fraud. It does say any fraud suspected in an internal audit review should be referred to the Assistant Director of Fraud. The Internal auditors would stop work immediately and discuss it with the internal fraud team and the fraud team will decide whether they want the internal auditors to do any further work or whether they want to take it on.

The Chief Internal Auditor confirmed that the Protocol is more of an internal working document so the flowchart of what to do in the scenario when fraud by Senior Officers is suspected would be more suitable to include in the Protocol than the Charter.

The Chief Internal Auditor confirmed if the Committee is happy with the Charter the Chair will need to sign it on behalf of the Committee.

**RESOLVED:**

- 1.1 That the Standards & Audit Committee approve the internal Audit Charter 2023 (Appendix 1) and the Chair of the Standards & Audit Committee signs the Charter on behalf of the Committee.**

**38. Work Programme**

The meeting discussed what items will need to be brought to the first Committee in the new municipal year.

Councillor Collins requested a report on the Best Value Inspection.

The Internal Audit Strategy 2021/22 to 2023/23 and Annual Internal Audit Plan 2023/24 and the Chief Internal Auditor's Annual Report – Year ended 31 March 2022 will also be brought to the next meeting.

**The meeting finished at 8.34 pm**

Approved as a true and correct record

**CHAIR**

**DATE**

**Any queries regarding these Minutes, please contact  
Democratic Services at [Direct.Democracy@thurrock.gov.uk](mailto:Direct.Democracy@thurrock.gov.uk)**